



GUIDELINE TO PREPARE A STRATEGIC BUSINESS PLAN FOR PUBLIC WATER AND SANITATION UTILITIES

THE SDG CENTER FOR AFRICA, Kigali, Rwanda
December 2021

Table of Contents

FOREWORD	2
ABBREVIATIONS	3
1. INTRODUCTION	4
2. STRATEGIC BUSINESS PLANNING PROCESS	7
Step 1: Establish a Task Force	7
Step 2: Understand the Existing Situation	7
2.1 Collect, Organize and Analyze Data/Information.....	7
2.2 Conduct a SWOT Analysis.....	8
2.3 Conduct a Stakeholder Analysis	9
Step 3: Reformulate/Revisit the Utility’s Vision and Mission Statements	10
Step 4. Outline the Strategic Objectives	11
4.1 Institutional Objectives	11
4.2 Technical & Operational Objectives	12
4.3 Social Objectives	13
4.4 Environmental Objectives	14
4.5 Financial Objectives.....	16
Step 5. Outline an Implementation Plan/Strategy	17
Step 6. Monitor and report the progress.....	18
ANNEX 1: A Sample Outline of a Strategic Business Plan Report	20
ANNEX 2: Data Collection Format	22

FOREWORD

It is still a long way to go with attaining the SDG 6: *Ensure availability and sustainable management of water and sanitation for all* by 2030 in Sub-Saharan Africa. By all measures, Sub-Saharan Africa trail behind all other world regions in terms of access to safe drinking water and basic sanitation services. As a result, national governments and public water and sanitation utilities need to double their efforts in accelerating the progress towards achieving the targets. We believe that these two entities (governments and public utilities) have a unique and central role in achieving the SDG 6 targets in their countries. In contributing to this effort, the Sustainable Development Goals Center for Africa (SDGCA) is happy to present this guideline to prepare a strategic business plan for public water and sanitation utilities. The guideline focuses on the main steps that the public utilities to follow in developing their strategic business plan. We have incorporated emerging global and regional issues like climate change, COVID-19 pandemic and digital solutions, including Digital Financial Services (DFS).

The guideline is a means to increase the capacity of the utilities in the planning of the routine operation, which is a fundamental element to ensure quality services and a way to track the progress of the SDG targets within their domain of service areas. For this reason, the public utilities must reflect the standard practices of providing basic water and sanitation services and analyze the impact of global, regional, national and local situations on the utilities' performance. To this end, we invite all the utilities to review and customize the guideline according to their specific conditions. Also, we emphasize the utilities' role to monitor and report the progress towards SDG 6, including meeting the targets by 2030.

We hope that the guideline will enlighten public water and sanitation to review or prepare their strategic business plans by considering the newly emerging situations at the global, regional and country levels. It will catalyze increasing efforts by citizens, governments, non-government organizations, and other partners within and beyond the continent to support the public water and sanitation utilities in meeting the SDGs, with less than a decade left until 2030. Accordingly, we call on all public utilities and partners to redouble their efforts to achieve the SDGs.



Caroline Makasa
A/Director General
The Sustainable Development Goals Center for Africa
Kigali, Rwanda

ABBREVIATIONS

CBO: Community Based Organizations

COVID-19: Coronavirus Disease- 19

DFS: Digital Financial Services

IWRM: Integrated Water Resources Management

NGO: Non-Government Organizations

NRW: Non-Revenue Water

PIP: Performance Improvement Plan

PIU: Project Implementation Unit

SDG: Sustainable Development Goals

SDGCA: Sustainable Development Goals Center for Africa

WDM: Water Demand Management

WSM: Water Supply Management

1. INTRODUCTION

African public water and sanitation utilities face challenges of various and interlinked natures. Massive operational problems compound all the challenges. In many cases, the utilities are operating in a "firefighting" mode rather than focusing on issues that can address long-term solutions. Investment programmes prioritize costly new infrastructure instead of making more efficient use of the existing infrastructure and extending services to the poor people. Leaving behind the poor in accessing such essential services results from the absence of a clear and coherent pro-poor policy and regulatory system and, even if available, a lack of enforcement of the relevant rules and regulations. Furthermore, business models to assess the impact of investments on the utility's financial performance are often unavailable, leading to poor business planning and long lead times to prepare projects for funding.

Most public utilities are overstaffed, expressed by staff per 1000 connections, and most of the workforce is unskilled with inadequate working facilities. They have limited qualified and trained staff. Many utilities fail to rehabilitate the network system, lack a robust leakage control programme, and unveil inadequate capacity/ equipment to carry out frequent water resources monitoring. Consequently, many utilities' Non-Revenue Water (NRW) is high, which is profoundly the result of technical and administrative/commercial water losses. Among the factors contributing to the high NRW and hence loss of revenue of the African public utilities is deteriorating infrastructure. Lack of replacing or rehabilitating the water infrastructure causes a large volume of water leaks. Also, there are illegal connections, the non-payment of bills by big consumers- particularly government institutions, the non-billing of some customers, and the low collection efficiency rates contributing to NRW. Besides the high NRW, the lack of revising and adjusting tariffs to deal with ever-increasing costs of services contributes to the financial instability of the utilities and continuous dependency on subsidies and grants.

The majority of the rural and urban populations living in slums and low-income settlements are the disadvantaged groups in Sub Saharan Africa that mainly lack water and sanitation services. Under all such circumstances, women and girls responsible for domestic business and fetching water to sustain family life suffer more than men and boys of Africa. The disparities in access to

basic water and sanitation services between rural and urban and within urban between the poor and rich have remained vital holdups to achieve the sustainable development goals in Africa.

While the African public utilities are struggling with their internal challenges, also external factors aggravate the problems. The pervasiveness of poverty in Africa stimulates a lack of ability and willingness to pay for the services, which can be an additional impact on the financial sustainability of the utilities. The global phenomena of climate change and pandemics like COVID-19 have further challenged these utilities. Climate change has resulted in unpredicted rainfall patterns and drought, decreasing water resources quantity and quality. Between 2015 and 2018, a decline in rainfall resulted in Cape Town's worst droughts on record. These droughts saw the city on the brink of Day Zero, the point at which the municipal water supply would be shut off.¹

The COVID-19 pandemic has challenged African water and sanitation utilities. Most of these utilities were not ready to meet an increase in the demand for water due to the broad handwashing campaign to prevent the spread of the virus. Also, the utilities could not provide adequate and proper services to people with disabilities and people living in slums without access to the services during the COVID-19 pandemic, particularly under lockdown situations. Under such circumstances, there was no option for the utilities other than providing water using mobile trucks free of charge, which had reduced the revenue from the operation. For instance, USAID study indicated that Rwanda's national utility, supplying mainly urban populations, suffered revenue losses during the strict lockdown period but does not appear to be facing imminent service suspensions.²

Given all the challenges mentioned above, it is hardly possible for Africa to achieve the SDG targets for water and sanitation by 2030. Particularly, Sub-Saharan Africa is in a race against time and there is a sense of urgency in promoting extraordinary efforts and bringing the region on track in achieving the targets. Consequently, it is vital for the public water and sanitation utilities to extend services to reach the under and un-served part of the population. The utilities can revert the situation by adopting a more strategic focus in their planning, decision-making and day-to-day

¹ <https://www.globalcitizen.org/en/content/cape-town-water-crisis-day-zero-overflowing-dams/>

² https://www.globalwaters.org/sites/default/files/effects_of_covid-19_on_access_to_wash_-_rwanda_report_feb2021.pdf

operations with the necessary tools for the short, medium and long-term. Accordingly, Strategic Business Planning is a process that can help public utilities to improve performance by addressing all the internal and external problems they face and thinking and applying commercial management principles. This guideline offers a strategic planning methodology to assist African public utilities in developing plans and articulating strategic actions to improve their performance and achieve the SDG targets.

In addition, global challenges and opportunities require African public water and sanitation to align their service delivery systems accordingly. The public utilities are required to respond to newly emerging situations, including the global challenges of climate change and the pandemic like COVID-19. Also, the public utilities should take advantage of the digital economy in improving their service delivery to their customers. They need to redesign their strategic business plan to address all the internal and external challenges. This measure, among other things, can help as a source of information for potential lenders such as the Regional Development Bank by showing the water utility's future financial position and sustainability. Moreover, the strategic business plan can guide the public water and sanitation utilities in meeting the SDG targets by expanding access to the services of the African countries' unserved and under-served populations. Against this background, the Sustainable Development Goals Center for Africa (SDGCA) has boarded on preparing this guideline to enable the African water and sanitation utilities to design their strategic business plan.

The SDGCA is an autonomous not-for-profit international organization. African leaders of selected countries took the initiative of establishing the Center. The mission of the Center is to provide technical support to African countries in achieving all the SDGs through tracking and reporting the progress from time to time. Accordingly, this guideline for preparing strategic business plans by African public water and sanitation utilities is one of the contributions in meeting SDG 6: *Ensure availability and sustainable management of water and sanitation for all by 2030.*

2. STRATEGIC BUSINESS PLANNING PROCESS

The ultimate objective of this guideline is to assist the public water & sanitation utilities to prepare their strategic business plan. A strategic business plan report is the final output, and Annex 1 shows a sample outline of the report. This guideline proposes six steps for a public water & sanitation utility to prepare and implement a strategic business plan.

Step 1: Establish a Task Force

As the first step, the management needs to establish a task force comprising different units within the organization. The task force members should be composed of all the work units, like the administration, finance, operation, technique, legal, and other support giving services. In addition to preparing the plan, the task force can become the facilitator of its implementation. Among others, there is a need for the task force to develop a communication strategy and plan to define the way the task force team members communicate, including the involvement of other stakeholders. This communication plan plays an essential role throughout the project life. Once the formation of the task force is in place, the step-by-step preparation of the business plan follows.

Step 2: Understand the Existing Situation

2.1 Collect, Organize and Analyze Data/Information

This step involves data/information collection, organization and analysis. The primary purpose is to understand the existing situation of the utility and identify priority areas of interventions, which is one of the fundamental tasks in the business planning process. It should be the first action of the task force to coordinate and organize the data collection that can be an input for the strategic business plan development. The format for data collection is included as Annex 2 of this guideline. The main categories include the profile of the service area, enabling environment, institutional system, technical and operational, customers, and financial data.

The data collection and organization need to lead to a thorough understanding of the utility's critical problems driven by internal and external factors. The analysis needs to look at what is going right and wrong in all the spheres of the utility's operation. It should figure out where the

utility stands today, including the main factors that positively or negatively affect the overall operation. The stage will help the utility carry out the next step, Strength, Weakness, Opportunity and Threat (SWOT) analysis, which is a tool that presents the utility's standing systematically.

2.2 Conduct a SWOT Analysis

The SWOT analysis is a tool used for getting a quick overview of the utility's strategic position. It explores and evaluates the internal and external factors that affect the utility. It determines the utility's internal strengths and weaknesses on the one hand and the external opportunities and threats on the other hand. The purpose is to achieve a strategic fit between the utility's internal strengths and the external opportunities to minimize the internal and external weaknesses and threats, respectively. The SWOT Analysis can be carried out under each theme of the utility's mandate. Broad areas of focus can be Institutional Capacity, Technical & Operational Efficiency, Service Delivery and Financial Sustainability.

The following chart illustrates the key questions under each component that can guide the SWOT analysis development.

	INTERNAL		
2.POSITIVE	Strengths: <i>Things that the utility does well</i> <i>Qualities that separate the utility from other similar service providers in the country or region</i> <i>Presence of internal resources such as specialized skilled, and knowledgeable staff</i> <i>Tangible and valuable assets such as capital property technologies that the utility possesses</i> <i>The suitability of the utility's location for the customers & visitors</i> <i>The uniqueness of the utility</i> <i>What the utility does exceptionally well?</i>	Weaknesses <i>Things that the utility lacks such as capital or resources to expand services</i> <i>Underserved or uncovered population due to operational inefficiencies</i> <i>Main customers complain/critiques about service delivery</i> <i>Where is the utility vulnerable?</i>	NEGATIVE

	<p><i>The advantages the utility possess as compared to other similar utilities in the country or region.</i></p> <p><i>The utility's customers opinion about its strengths</i></p>		
	<p>Opportunities</p> <p><i>What opportunities does the utility know about but has not addressed?</i></p> <p><i>Are there emerging trends on which the utility can capitalize?</i></p> <p><i>Potential for the expansion in terms of coverage of services (presence of unserved population)</i></p> <p><i>Monopoly in terms of service provision (absence of competitors)</i></p> <p><i>Availability of water resources to address future growth of service provision</i></p> <p><i>Availability of affordable technologies and innovative ideas</i></p> <p><i>Availability of digital solutions to modernize and scale up service delivery</i></p>	<p>Threats</p> <p><i>Changing regulatory environment</i></p> <p><i>Global threats like climate change and pandemics (COVID-19)</i></p> <p><i>Changing customers' attitude towards the utility's services</i></p> <p><i>Negative media coverage</i></p> <p><i>Low level of awareness of the public about the utility's service</i></p> <p><i>The kind of external barriers that block the utility's progress</i></p> <p><i>A significant change that can happen in the water & sanitation sector</i></p> <p><i>The country's economic conditions affecting the utility's financial viability</i></p>	
	EXTERNAL		

The SWOT Analysis unwraps the internal weaknesses and external threats that the utility and the internal strengths and external opportunities that can contribute to the utility's progress. Here we can carry out analysis and comparison. We look at the extent to which the internal strengths and available opportunities can overcome the weaknesses and threats and ensure the utility's performance and service delivery to the utmost satisfaction of the customers. This exercise contributes to identifying the critical gaps and priority areas that the utility needs to focus on in formulating the strategic objectives.

2.3 Conduct a Stakeholder Analysis

The stakeholders either impact the utility's operation, or the utility's operation and services affect the stakeholders. As a result, identifying the critical stakeholders of the utility is an essential step of the strategic business plan. The stakeholder analysis is a tool that helps identify the key

stakeholders that are impacted upon by the services of the utility or can have an influence on the utility's operation and service delivery. The goal is to know the stakeholders and provide direction on how to engage them to gain their inputs and respond to their needs in preparing the strategic business plan. The stakeholders of a public utility can include but are not limited to government institutions, non-government organizations, international organizations, local administrations, customers, employees and private business institutions. The analysis can come out with a stakeholder responsibility list that includes the stakeholder's name and responsibility from the perspective of the utility's function as follows.

- Government organizations (policy, regulation, legal framework)
- Non-government organizations (technical assistance, collaboration)
- Consumers (quality of service, tariff & ability/willingness to pay)
- Suppliers (provision of raw materials, equipment services)
- Media (information and awareness-raising)
- Financiers (conditions for grants and loans)

Step 3: Reformulate/Revisit the Utility's Vision and Mission Statements

The vision describes the direction in which the utility is to evolve in future. It is an idea or concept of imaginative insight into the utility's state of functioning sometime in the future. The mission reminds us why the utility was created in the past and why it presently exists and continues to exist in the future. It 'defines the intention that the collective group of employees are there to achieve. It tells why the utility has evolved to provide this function. Some of the areas that the mission clarifies are the nature of the utility (whether profit-seeking or not), the customers it serves (urban/rural, type, number), the variety of services it provides (water, sanitation, hygiene promotion or all).

Example: A public utility has a mission/purpose 'to develop and provide potable, adequate, affordable water supply and sanitation services in a sustainable and environmentally friendly manner'. The utility's vision is 'to meet the entire demand for water and sanitation service in its jurisdiction area by 2030.'. The utility's motto is: 'every drop count; use water wisely'. The core values include teamwork and transparency; customer satisfaction; competent, committed and

motivated staff; good governance; environmental sustainability; efficiency and effectiveness, gender sensitivity, corporate social responsibility and networking.

Step 4. Outline the Strategic Objectives

The strategic objectives define the intermediate steps that the utility wish to reach to take it from the present toward the future. They are tools that help realize concepts, promote the formation of priority activities, track progress toward the utility's future vision. In other words, the public utility can consider the purpose as the point of origin or where the utility is today, the vision as the direction the utility wishes to head to for the future, and the objectives as the guiding rails which take the utility from the situation it is in today to the future.

The strategic objectives should relate to the utility's priorities identified under the SWOT analysis to fulfil the mandate and achieve the vision. The formulation of the strategic objectives needs to address all the areas of the utility's operation. The main areas include institutional, social, technical, operational, environmental and financial objectives. The specific strategic directions to follow under each of the following interdependent components can vary depending on the particular situation of the utility. However, the general focus areas under each component are highlighted as follows.

4.1 Institutional Objectives

Due to changing situation as per the strategic plan, the utility may need to figure out new strategic directions. Accordingly, restructure the organizational setup to respond to the changing situation and create the capacity to implement the various components of the strategic plan. Consequently, the restructuring can involve the elimination of irrelevant units and the creation of new ones. It can also include developing and implementing a cost-effective and attractive staff rationalization and tailor-made training programs. There can be a need to decentralize selected operational functions of the utility and the provision of the necessary facilities. Also, depending on the national policy, the strategic business plan should give due consideration to the involvement of the private sector in the water and sanitation programme of the utility. All in all, this strategic plan process entails

amending the utility's institutional /organizational setup, including implementing the relevant training and capacity building programme as per the requirements of the strategic business plan.

4.2 Technical & Operational Objectives

This strategic objective needs to address Water Supply Management (WSM) and Water Demand Management (WDM) issues. From the WSM angle, the focus can be on developing and maintaining a comprehensive and up-to-date database, water resource protection, increasing water production efficiency, and implementing planned preventive maintenance of the network system and equipment.

The WDM stresses more on efficient use of water resources while soliciting technical solutions on the supply side. As a result, it is now gaining more support as viable policy options to deal with the challenges of limited water resources and other aspects of natural variability.

The WDM programme includes specific strategy elements such as:

- Scale-up and expansion of the reduction of the Unaccounted-for-Water program that comprehensively deals with water audits, leakage detection plans, repairing and upgrading of infrastructure (using cost-effective relining and renovation techniques), and water meter management components.
- Scale-up and expansion of the Retrofitting Program both at domestic and industrial levels;
- Introduce a water reuse program by targeting the major water consumers and identifying technology transfer opportunities for water reuse and recycling;
- Establish a policy, regulatory and institutional framework to facilitate and support the implementation of the WDM strategy.

In addition, the WSM and WDM strategies need to look at alternative water sources like rainwater harvesting for domestic and non-domestic purposes. The growing importance of rainwater harvesting as an element of WSM/WDM is essentially seen from its benefit to the sustainable approach to water resources management. Currently, many countries have recognized the development and promotion of rainwater harvesting as an alternative source of water supply.

Given the various constraints in many developing countries, the use of rainwater harvesting would be a realistic alternative to ameliorate the ever-worsening challenges of water shortage/scarcity, from the point of ensuring long-term solutions.

4.3 Social Objectives

In Africa, inequalities in access to water and sanitation services among the various groups of the population exist. To access these essential services, disparities between the urban and rural, men and women, and the rich and poor settlements within urban areas are standard. As a result, the social strategic objectives should consider providing water and sanitation services to the most vulnerable groups of the community. Accordingly, the utilities need to give attention to pro-poor and gender-focused water and sanitation programmes. Also, utilities need to convene public awareness-raising and school education programmes as part of their overall communication strategy. Furthermore, the social strategic objectives need to address the following specific components:

- **Pro-poor Governance and Follow-up Investment:** The goal is to support change in governance so that low-income people are given a voice in collective decision-making that leads to improved access to good quality drinking water and basic sanitation. The approach should, directly and indirectly, impact policy, regulatory, legal and institutional instruments, spur follow-up socio-economic investment in water and basic sanitation to benefit those without access.
- **Gender Mainstreaming Strategy:** The aim is to incorporate gender concerns into all policies, programmes and activities. This action enables to address women's and men's needs adequately. Also, both women and men can actively participate in planning the specific activities of water and sanitation programmes that uplift their standard of living and address the imbalances and inequalities between them.
- **Public Awareness Raising Programme:** The aim is to educate and inform the public about water and sanitation issues, the efficient and effective use of water resources and their

rights and obligations to access safe drinking water and basic sanitation services. Also, public utilities should consider exploring digital options in the public awareness field. Advertising through social media on saving water use, pollution control and protecting water resources, leakage control and reporting, sanitation and hygiene campaign are some of the areas to consider.

Some of the activities to consider under the Public Awareness Programme can include:

- Develop a generic public awareness toolkit and public relations training manual,
- Develop and implement training programs for utility staff dealing with awareness-raising,
- Commission customer attitude surveys to establish baseline data for the development of community-level awareness campaigns and programme evaluation purposes,
- Explore the use of digital options to support public awareness programme,
- Regularly convene public meetings, held in conjunction with other agency /NGO/CBO/communities/local administration, to develop positive synergies between actors,
- Schedule field trips and visits to community projects,
- Organize national essay writing, poster and photo shoot-back competitions and exhibitions for schoolchildren on water and sanitation issues,
- Organize community water week celebrations, including developing drama skits, music compositions and poetry, that highlight water and sanitation issues in cities.

4.4 Environmental Objectives

With the occurrence of climate change, the rainfall pattern in many parts of the world, particularly Africa, is unpredictable. The climate change can cause low levels of rainfall in which less water is available to feed the rivers and lakes or recharge the groundwater. The increase of temperature as a result of climate change can lead to the evaporation of water from the surface water, making less water available for use.

Pollution affects places with either plenty or even scarce water resources and can make it unsafe to use. There are various sources of water pollution, including sewage and wastewater from industries, institutions, hospitals, commercial settings and households. In such cases, the surface water is more susceptible to pollution than groundwater. However, we cannot rule out the presence of some pollutants that can travel down into the ground and contaminate the groundwater. In islands and coastal areas, due to over-abstraction, the intrusion of the seawater into the underground can be a common source of contamination of the groundwater. In mining places, it is common to observe the polluting of surface water (rivers and streams) by pollutants of minerals that are harmful for the health of people and other living creatures.

Accordingly, the focus areas under the environmental strategic objective can include the following:

- Integrated Water Resources Management (IWRM)- to protect and secure water resources in the catchment and better coordinate water management with upstream/downstream users,
- Pollution control- to help local authorities and communities, usually located in the less desirable and polluted neighbourhoods, confront small industries and help them implement appropriate treatment technologies and participate in pollution prevention and waste minimization schemes.
- Water quality monitoring- to establish the monitoring program, including surface and groundwater sources, and capture the data.
- Solid Waste Management-to trains the poor to take care of the waste collection, landfilling, composting, and recycling and reuse of waste products.
- Stormwater drainage and erosion control program- to install infrastructure and provide training to improve the environment by preventing sedimentation of waterways and erosion of pathways.
- Sanitation for the Poor: to equip the poor with sanitation facilities, at the same time providing them with efficient sanitation services

4.5 Financial Objectives

The primary purpose of the strategic business plan is to support the public utility's transition from financial dependency to financial autonomy. As a result, the financial strategy should aim at cost minimization and revenue maximization. More effort needs to be on water conservation and saving water in the distribution system and at the end users' level. There is also a need to review and secure timely and justified adjustments in the water tariff by considering the ability to pay by the poor and in consultation with the concerned parties, profoundly the government entities dealing with the policy and regulation of the utilities. A customers awareness programme should support the bill collection task. Based on the magnitude of the customers, it should be decentralized to bring the service close to the customers. Apart from the operational matters, the business planning process's financial strategy also has to deal with the investment programme and an overall financial projection model that could translate all the strategies into revenue and costs.

The public utility may have many investment needs, with limited financial resources available. Or in other words, there can be more projects than the water utility can afford to finance. In this case, the utility needs to prioritize the projects based on established criteria. This process is investment planning, which is choosing which projects to proceed with, and when. Investment planning is a continual process controlled by senior management, carried out by many different people and coordinated with the annual accounting cycle.

In line with the investment planning, the strategic business plan needs to include information about the future financial performance of the public utility. This action calls for performing financial projections that translate long-term strategies and plans into detailed estimates of operating revenues and costs, asset investment and cash requirements. The financial projection allows the utility manager to review priorities for investment and expenditure in an iterative and consultative way. It defines the utility's future financial position and sustainability. Also, it can be a source of information for potential investors and lenders.

The Financial objective need to give due consideration to the application of Digital Financial Services (DFS), financial services which rely on digital technologies for their delivery and use by

consumers. DFS are useful for the utilities from the perspective of lowering costs, increasing speed, and transparency. The application of Mobile Money in transfer or payment of money has penetrated in many African countries. Also, many public utilities are using the application of online payment to settle water bills. As DFS significantly reduces the need for physical contacts in the payment of utility services, the contribution in controlling the spread the current Covid-19 pandemics is fundamental.

Step 5. Outline an Implementation Plan/Strategy

In many cases, the strategic business plan covers three to five years. The implementation plan is one of the most crucial steps of the strategic business plan, which is necessary to realize the strategic objectives through the implementation of successive annual plans. The public utility needs to develop and carry out specific and discrete activities relating to each strategy every year for practical implementation purposes. The activities shall provide a logical sequence to achieve the strategic goals.

Once the strategic plan report is ready, the public utility needs to submit it to the board or any other relevant organ with a mandate to approve or endorse it. After the approval, internalizing the implementation process of the business plan within the existing organizational setup is the most advisable approach. The management should allocate the responsibility of implementing various activities outlined in the business plan to the respective functional units. In some instances, given the anticipated level of activities during the initial years, it can be prudent for the utility to establish a Project Implementation Unit (PIU) to implement the strategic business plan successfully.

Performance Improvement Plann (PIP) is one of the tools to follow up the successful accomplishment of the strategic business plan. The PIP process answers four basic questions.

1. Where is the utility now?
2. Where does the utility want to be in one year, in three years in five years?
3. What actions are needed to get there?
4. How progresses are measured?

The utility needs to establish benchmarks to measure performance by aligning to international standards.³ Some of the crucial performance indicators include:

- Water Production (m3/year)
- Population water coverage (%)
- Staff /000 customers
- Water consumption (l/p/d)
- Non-Revenue Water (NRW)
- Number of Active Connections
- Working Ratio (revenues divided by operating expenses)
- Metering Ratio
- Billing Efficiency
- Collection Efficiency rate
- Average unit cost
- Average tariff rate

Performance targets need to be set and action plans prepared to deliver those targets. Performance Improvement Planning is not the task of the top management only. It involves the entire utility staff, including the Board of Directors, top level management, middle level management, the Operators, Technicians and Laborers

Step 6. Monitor and report the progress

The monitoring and reporting of the Business Plan implementation should be based on the annual operational plans as the building blocks. Arising out of the activities in the annual plan, each functional unit of the utility will be required to derive clear milestones and deliverables as well as their respective due dates for the activities for which they take the lead responsibility. The utility

³ International Benchmarking Networking (IBNET): <https://www.ib-net.org/>.

needs to prepare the monitoring sheets for each section/department/team from the milestones, deliverables, and due dates.

Also, the monitoring and reporting of the progress needs to be aligned to SDG 6 targets. The respective country of the utility has committed to meeting the SDG 6 targets by 2030. Target 6.1 is universal and equitable access to safe and affordable drinking water for all. The indicator is the percentage of the population using safely-managed drinking water services. As per the target, all the people under the utility service area need to get safe and affordable drinking water by 2030. Therefore, the water utility needs to track and report the progress of the percentage of the population with access to drinking water from year to year with the ultimate target of reaching 100% coverage by 2030.

There are water and sanitation utilities in Africa that are dealing with wastewater management. Consequently, such utilities need to track and report the progress of SDG target 6.2, which is access to adequate and equitable sanitation and hygiene for all. The three relevant indicators for this target are the population using safely-managed sanitation services, the population practicing open defecation and the people with a basic hand-washing facility with soap and water available in the premises. Accordingly, the water and sanitation utilities are responsible for monitoring and reporting the progress, particularly the population level using safely managed sanitation services.

ANNEX 1: A Sample Outline of a Strategic Business Plan Report

Foreword

Executive Summary

Table of Contents

Figures and Tables

Abbreviations & Acronyms

Chapter One: Introduction

1.1 Utility's Legal framework and Institutional Mandate

1.2 Geographical coverage of service area

1.3 Scope of services & Infrastructure Status

1.4 Organization Structure

Chapter Two: Background

2.1 National water & sanitation policy and strategy

2.2 The Strategic Business Plan

2.2.1 Background

2.2.2 The Process

2.2.3 The Objective

Chapter Three: Situation Analysis

3.1 Existing service delivery situation

3.2 Stakeholder Analysis

3.3 SWOT Analysis

Chapter Four: Vision, Mission and Strategic Objectives

4.1 Vision, Mission and Core Values

4.2 Strategic Objectives

4.2.1 Strategic Objective 1: Institutional Review/Reform

4.2.2 Strategic Objective 2: Technical and Operational Efficiency

4.2.3 Strategic Objective 3: Gender Focused Pro-Poor Service Delivery

4.2.4 Strategic Objective 4: Protecting Environment and Pollution Control

4.2.5 Strategic Objective 5: Financial Sustainability

Chapter Five: Implementation Framework

5.1 Introduction

5.2 Institutional Arrangement

5.3 Resource allocation/mobilization

5.4 Accountability

5.5 Communication & Networking

5.6 Human resources development

5.7 Monitoring and reporting

Chapter 6: Conclusion and Recommendation

Annexes

ANNEX 2: Data Collection Format

General Information

Name of the public utility	
City or community	
Country	
Type of service utility provides	
1. Water	
2. Water & Sanitation	
Public utility owned by	
1 Government institution	
2. Private	
3. community	
4. other (specify)	
Public utility operated by:	
1. government institution	
2. Private	
3. community/Water committees	
4. other (specify)	
Public utility regulated by:	
1. Independent regulatory body	
2. Board of directors	
3. Line ministry	
4. Municipal council	
5. other (specify)	

Access to the services

Description	Unit	Base year	Year 1	Year 2	Year...n
Total population of the service area					
Population with access to water-households					
Population with access to water-public taps					
Commercial institutions with access to water					
Industrial institutions with access to water					
Public institutions with access to water					
Other institutions with access to water					

Water Production

Description	Unit	Base Year	Year 1	Year 2	Year...n
1. Total water production	m3				
1.1 Current or existing production capacity	m3				
1.2 Planned or new production capacity	m3				
2. Total Non-Revenue Water	m3				
2.1 Total authorised consumption	m3				
2.2 Total water loss	m3				
3. Non-Revenue Water (NRW)	%				

Water Consumption

Water Connections	Unit	Base Year	Year 1	Year 2	Year...n
1. Household connections	number				
2. Institutional connections	number				
3. Industrial connections	number				
4. Commercial connections	number				
5. Public taps or communal water points	number				
Water Consumption					
6. Household customers	m3				
7. Institutional customers	m3				
8. Industrial customers	m3				
9. Commercial customers	m3				
10. Public tap	m3				
Water Billed					
11. Household customers	\$				
12. Institutional customers	\$				
13. Industrial customers	\$				
14. Commercial customers	\$				
Billing Efficiency (sum 11-14/sum 6-9)					
15. Public tap (total sales)	\$				
Water bill collected					
16. Household customers	\$				
17. Institutional customers	\$				
18. Industrial customers	\$				
19. Commercial customers	\$				
Collection Efficiency (sum 16-19/sum 11-14)					

Water charge rates

Description	If flat rate tariff (\$/m3)	If Block Tariff (\$/m3)		
		Block 1	Block 2	Block ..n
Water consumption tariff				
Household customers				
Institutional customers				
Industrial customers				
Commercial customers				
Public tap				
Other Charges				
Water Meter Rent				
Household customers	\$/month			
Institutional customers	\$/month			
Industrial customers	\$/month			
Commercial customers	\$/month			
Public tap	\$/month			
Connection fee				
Household customers	\$			
Institutional customers	\$			
Industrial customers	\$			
Commercial customers	\$			
Public tap	\$			

Income and Expenditure

Description	Unit	Base Year	Year 1	Year 2	Year... n
Operating Income					
Water sales	\$				
Connection fees	\$				
Water meter rent	\$				
Other sources	\$				
Subsidies					
From government treasury	\$				
Grants from donors	\$				
Operating Expenditure					
Salaries & wages	\$				
Electricity cost	\$				
Chemical cost	\$				
Communication (tele+internet)	\$				
Maintenance and repair expenses	\$				
Fuel and lubricants	\$				
Water consumption including filter washing costs	\$				
Office service costs	\$				

Other expense	\$				
Depreciation allowance					
Dep Existing assets	\$				
Dep New assets	\$				
Assets & Liability					
Utility total Assets	\$				
Change in assets	\$				
Utility total current liability	\$				
Change in liability	\$				
Total Capital Expenditure	\$				